AURORA SOLAR TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2022

Stated in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

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Aurora Solar Technologies Inc.

Expressed in Canadian Dollars
(Unaudited)

Condensed Interim Consolidated Statements of Financial Position

As at		30 June 2022	31 March 2022
Assets			
Current Assets			
Cash		**$ 1,141,851**	$ 2,016,667
Amounts receivable	**(6)**	**20,124**	117,784
Prepaid expenses		**59,505**	35,781
Inventory	**(7)**	**311,825**	323,661
		1,533,305	2,493,893
Non-current Assets			
Right of use assets	**(11)**	**199,492**	241,290
Patents	**(8)**	**198,967**	202,121
Other assets	**(9)**	**58,134**	58,134
Equipment	**(10)**	**181,667**	193,336
		638,260	694,881
		$ 2,171,565	$ 3,188,774
Liabilities			
Current Liabilities			
Amounts payable and accrued liabilities	**(14)**	**$ 350,277**	$ 395,277
Lease liability	**(12)**	**72,278**	81,223.00
		422,555	476,500
Non-current Liabilities			
Lease liability	**(12)**	**140,771**	176,644
Long-term loan		**60,000**	60,000
		623,326	713,144
Equity			
Share capital	**(13)**	**20,907,191**	20,472,339
Contributed surplus – options	**(13)**	**2,242,770**	2,167,155
Contributed surplus – warrants	**(13)**	**116,629**	551,481
Deficit		**(21,718,351)**	(20,715,345)
		1,548,239	2,475,630
		$ 2,171,565	$ 3,188,774

Nature of operations and going concern.............................(1)
Basis of preparation - statement of compliance................. (2)
Commitments... (17)
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On behalf of the Board of Directors:

"Gordon Deans"
Gordon Deans, Director

"David Toyoda"
David Toyoda, Director

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

AURORA SOLAR TECHNOLOGIES INC.

Expressed in Canadian Dollars
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

	Note		Three Months Ended 30 June 2022		Three Months Ended 30 June 2021
Revenues					
Product sales		**$**	**-**	$	-
Cost of sales			**-**		(68,997)
Gross margin			**-**		(68,997)
Expenses					
Sales and marketing	(15)		**110,842**		134,397
Research and development	(15)		**390,678**		365,552
General and administrative	(15)		**359,043**		459,099
Net foreign exchange loss (gain)			**(671)**		10,409
Depreciation cost	(8)(10)(11)		**34,477**		34,478
Share-based payments	(13)		**75,615**		115,125
			969,984		1,119,060
Net Loss from Operations		**$**	**(969,984)**	$	(1,188,057)
Other Income					
Government assistance	(3)		**-**		89,926
Other Expenses					
Finance cost	(12)		**(722)**		(5,356)
Acquisition cost	(19)		**(32,300)**		-
			(33,022)		84,570
Net Loss and Comprehensive Loss		**$**	**(1,003,006)**		(1,103,487)
Net Loss per Common Share – Basic and Diluted		**$**	**(0.007)**	$	(0.008)
Weighted Average Number of Shares Outstanding - Basic and Diluted			**144,974,725**		137,058,791

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Equity
Balance 31 March 2021	129,724,725 $	17,452,158	- $	116,629	9,260,000 $	1,751,119 $	(16,468,795) $	2,851,111
Private placement issuance	14,200,000	3,168,447	7,100,000	381,553	-	-	-	3,550,000
Share issuance costs	-	(341,416)	615,100	53,299	-	-	-	(288,117)
Share-based payments	-	-	-	-	-	115,125	-	115,125
Net Loss for the Period	-	-	-	-	-	-	(1,103,487)	(1,103,487)
Balance 30 June 2021	**143,924,725 $**	**20,279,189**	**7,715,100 $**	**551,481**	**9,260,000 $**	**1,866,244 $**	**(17,572,282) $**	**5,124,632**

	Shares	Amount	Warrants	Amount	Options	Amount	Deficit	Equity
Balance 31 March 2022	**144,924,725 $**	**20,472,339**	**7,715,100 $**	**551,481**	**11,035,000 $**	**2,167,155 $**	**(20,715,345) $**	**2,475,630**
Options forfeited	-	-	-	-	(50,000)	-	-	-
Warrants expired	-	434,852	(7,715,100)	(434,852)	-	-	-	-
Share-based payments	-	-	-	-	-	75,615	-	75,615
Net Loss for the Period	-	-	-	-	-	-	(1,003,006)	(1,003,006)
Balance 30 June 2022	**144,924,725 $**	**20,907,191**	**- $**	**116,629**	**10,985,000 $**	**2,242,770 $**	**(21,718,351) $**	**1,548,239**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended 30 June 2022	Three Months Ended 30 June 2021
Operating Activities		
Net Loss for the Period	**$ (1,003,006)**	$ (1,103,487)
Items not Affecting Cash		
Depreciation	**34,477**	34,478
Share-based payments	**75,615**	115,125
Loss on foreign exchange	**-**	(7)
Finance cost	**722**	5,356
	(892,192)	(948,535)
Net Change in Non-cash Working Capital		
Amounts receivable	**97,660**	(25,586)
Prepaid expenses	**(23,724)**	9,470
Inventory	**11,836**	17,218
Amounts payable and accrued liabilities	**(45,000)**	122,561
	40,772	123,663
Net cash used in operating activities	**(851,420)**	(824,872)
Investing Activities		
Purchase of equipment	**-**	(130,694)
Purchase of other assets	**-**	(14,627)
Net cash used in investing activities	**-**	(145,321)
Financing Activities		
Proceeds from share issuance	**-**	3,550,000
Share issue costs	**-**	(288,117)
Lease liability payment	**(23,396)**	(23,711)
Net cash (used in) provided by financing activities	**(23,396)**	3,238,172
Net (Decrease) Increase in Cash	**(874,816)**	2,267,979
Cash position – beginning of year	**2,016,667**	2,771,624
Cash Position – End of Period	**$ 1,141,851**	$ 5,039,603

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

1) Nature of operations and going concern

Aurora Solar Technologies Inc. ("Aurora" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006 as Pulse Capital Corp, a capital pool company. The Company, together with its subsidiary, develops and markets inline quality control systems for the solar cell manufacturing industry. The address of the Company's corporate and administrative office and principal place of business is #100 – 788 Harbourside Drive, North Vancouver, BC, V7P 3R7.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and the discharge of liabilities in the normal course of operations.

There are several adverse conditions that may cast significant doubt about the Company's ability to continue as a going concern. The Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations.

The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing and ultimately develop profitable operations. The Company is of the view that these objectives can be met, and that the going concern assumption is appropriate.

If the going concern assumption were not appropriate for these condensed interim consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used, and such adjustments could be material.

The global transmission of COVID-19 and the related global efforts to contain its spread resulted in international border closings, travel restrictions, significant disruptions to border operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty.

The impacts of the COVID-19 crisis that have had an effect on us include: a decrease in short-term and/or long-term demand and/or pricing for our products; reduced sales as a result of travel restrictions impacting customer engagement; increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures; resulting in disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements.

A material adverse effect on our employees, customer, suppliers and/or logistics providers could have a material adverse impact on us.

Rounded (000's)		**30 June 2022**		31 March 2022
Working capital[(1)]	**$**	**1,111,000**	$	2,017,000
Accumulated deficit	**$**	**(21,718,000)**	$	(20,715,000)

[(1)] Working capital is defined as current assets minus current liabilities.

2) Basis of preparation – statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2022 ("Annual Financial Statements").

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on 26 August 2022.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL").

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3) Significant accounting policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a summary of significant accounting policies and treatment, refer to the Company's Annual Financial Statements.

4) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the condensed interim consolidated financial statements.

a) Critical judgements in applying accounting policies

<u>Revenue recognition</u>

The amount of revenue recognized is adjusted for expected returns, which are estimated by management based on the historical data for the related types of goods sold. Actual results may differ from management estimates. Revenue is recognized once the control of a good or service is transferred to a customer and is available to make use of the good or service. Contracts, for goods or services that are not considered distinct, are considered one performance obligation that may include several goods or services that are provided to a customer and delivered against a performance metric. Judgement is used to determine whether multiple promised goods or services in a contract should be accounted for separately or as bundle.

b) Key sources of estimation uncertainty

Inventory

The Company's raw inventory is only valuable to the extent that it can be turned into saleable product. Inventory must be measured at lower of cost and net realizable value and the Company must estimate that the measurement criteria used has not changed. The Company reviews its inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the Company to determine the estimated selling price of its units less the estimated cost to convert the inventory on-hand into a finished product.

Estimates of net realizable value require assessment of the impact of technological changes and estimates of salvage values if products or components are judged obsolete. Any future changes in the estimated inventory valuation could have a material adverse impact on our financial condition and results of operations.

Patents and other assets

The Company reviews the valuation of these assets at the end of each reporting period based on the expected remaining useful life of patents and the recoverability of patent application costs in relation to the market changes of relative technologies. Should the asset life differ from the initial estimate, an adjustment would be in the Condensed Interim Consolidated Statements of Loss on a prospective basis.

Share-based payments

The Company records the fair market value as described by the Black-Scholes method for the recording of share-based payments. There are several estimates that form a part of the calculation and significant deviations in any estimate could have a material impact on the condensed interim consolidated financial statements.

Amounts receivable

The Company estimates the recoverability of amounts receivable based on assessments of client credit ratings, payment history and other related items. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, the impact of COVID 19, as well as observable charges in and forecasts of future economic conditions that affect default risk.

Provisions and contingent liabilities:

A provision is recognized if the Company has a present legal or constructive obligation, as a result of past events, that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for product liability, accrual of product warranties, liabilities for potential litigation claims and settlements. Management must use judgement in determining whether all the above three conditions have been met to recognize a provision or whether a continent liability is in existence at the reporting date. Should an event change that impacts the recognition of a provision or a contingency, the impact could be materially different from management's initial estimate and affect future consolidated financial statements.

During the year ended 31 March 2022, the Company received a Notice of Arbitration from the Shanghai International Centre in the amount of approximately USD$185,000 relating to a DM equipment purchase contract dispute in China. The Company believes this claim is without merit and has engaged legal counsel and filed a defence and counterclaim for amounts owing (approximately USD$110,000) under this purchase contract.

5) Financial instruments and risk management

a) Fair value measurement

The Company classifies its fair value measurements with a fair value hierarchy, which categorizes into three levels the inputs used in making the measurements. The three levels of hierarchy are:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Classification of fair values of financial assets and liabilities

Financial instruments of the Company carried on the Condensed Interim Consolidated Statements of Financial Position are carried at amortized cost or FVTPL.

The Company's financial assets classified as amortized cost include cash and amounts receivable. Amounts payable and accrued liabilities are classified as financial liabilities at amortized cost. The carrying value of these financial assets and liabilities approximate the fair value because of their short-term nature.

Lease liabilities and Canada Emergency Business Account loan ("CEBA loan") are also classified as other financial liabilities at amortized cost and are subsequently measured using the effective interest method.

c) Other risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operations and budgets accordingly.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is both from its bank accounts as well as from credit sales. The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company's other exposure to credit risk is through its amounts receivable that are made up of a small number of customers. Management assesses the credit risk of new customers as well as monitors the creditworthiness of existing customers through a review of the trade receivables' aging analysis. The Company determines the allowance using an expected credit loss ("ECL") model. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 30 June 2022 the Company has $1,559 (31 March 2022 - $103,815) in trade amounts receivable.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company maintains cash in accounts at Canadian Chartered Banks that bear interest at nominal rates. The Company's lease liabilities and long-term debt are based on fixed interest rates. The Company's exposure to interest rate risk is minimal.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% change in exchange would impact the condensed interim consolidated financial statements by $(8,000) (31 March 2022- $10,000). As at 30 June 2022 the Company held currency totalling the following:

Rounded (000's)		Impact		30 June 2022		31 March 2022
Cash in United States dollars	5%	$ (7,000)	USD	106,000	USD	24,000
Cash in Chinese RMB	5%	$ (2,000)	RMB	260,000	RMB	570,000
Amounts receivable in United States dollars	5%	$ -	USD	1,000	USD	83,000
Amounts payable in United States dollars	5%	$ 1,000	USD	(22,000)	USD	(20,000)
Amounts payable in Chinese RMB	5%	$ -	RMB	(39,000)	RMB	(65,000)
Amounts payable in Euros	5%	$ -	EURO	(1,000)	EURO	(1,000)

g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing this is to maintain readily available reserves to meet its liquidity requirements at any point in time.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. The Company's ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, and regulatory conditions, and other factors, some of which are beyond its control. The Company's primary short-term liquidity needs are to fund its net operating losses and lease payments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

The table below presents the contractual maturity of the Company's financial liabilities, including both principal and interest payments as at 30 June 2022:

	Less than 1 year	1 to 3 years	Total[1]
Amounts payable and accrued liabilities	$ 350,277	$ -	$ 350,277
Lease liabilities	72,278	140,771	213,049
CEBA Loan	-	60,000	60,000
	$ 422,555	**$ 200,771**	**$ 623,326**

[1] The Company has no contractual obligations greater than 3 years.

Further, it is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity, or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the period.

The RMB located in China is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Expressed in Canadian Dollars

6) Amounts receivable

		30 June 2022		31 March 2022
Trade receivables	$	1,559	$	103,815
GST receivable and other taxes recoverable		18,565		13,969
Total amount receivable	$	20,124	$	117,784

As at 30 June 2022, amounts receivable consisted of trade receivables, GST receivable and other taxes recoverable. No expected credit loss provision has been made given the nature of these receivables. During the three months ended 30 June 2022, the Company collected trade receivables in the amount of $102,269 of the $797,850 provision for amounts receivable that was captured as an expected credit loss during the year ended 31 March 2021. For the three months ended 30 June 2022, the Company recorded no expected credit loss amounts as there were no trade receivables recorded during the three-month period.

7) Inventory

		30 June 2022		31 March 2022
Raw materials	$	311,825	$	323,661
Total inventory	$	311,825	$	323,661

Inventory expensed to cost of sales during the three months ended 30 June 2022 was $Nil (31 March 2022 – $Nil). During the three months ended 30 June 2022, inventory expensed to research and development was $11,836 (31 March 2022 - $179,127).

8) Patents

		Cost		Accumulative Depreciation		Carrying Amounts
Balance as at 31 March 2021	$	267,030		(69,552)		197,478
Changes during the year		15,401		(10,758)		4,643
Balance as at 31 March 2022		**282,431**	**$**	**(80,310)**	**$**	**202,121**
Changes during the period		**-**		**(3,154)**		**(3,154)**
Balance as at 30 June 2022	**$**	**282,431**	**$**	**(83,464)**	**$**	**198,967**

Patents are stated, in the statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. The cost of patents includes directly attributed incremental costs incurred in their acquisition. Patent depreciation is calculated using the straight-line method over an estimated useful life of 20 years.

9) Other assets

		Balance
Balance as at 31 March 2021	$	52,109
Additions		21,426
Transfers to patents		(15,401)
Balance as at 31 March 2022		**58,134**
Additions		**-**
Transfers to patents		**-**
Balance as at 30 June 2022	**$**	**58,134**

Expressed in Canadian Dollars

10) Equipment

	Cost	Accumulative Depreciation	Carrying Amount
Balance as at 31 March 2021	$ 116,339	(45,951)	70,388
Additions during the year	169,540	(46,592)	122,948
Balance as at 31 March 2022	**285,879**	**(92,543)**	**193,336**
Additions during the period	**-**	**(11,669)**	**(11,669)**
Balance as at 30 June 2022	**$ 285,879**	**$ (104,212)**	**$ 181,667**

11) Right of use assets

The right of use asset is amortized on a straight-line basis over the term of its leases related to its Vancouver head office and Shanghai sales office.

	Balance
Balance as at 31 March 2021	$ 312,125
Additions	19,987
Depreciation	(90,822)
Balance as at 31 March 2022	**241,290**
Additions	-
Fair value adjustment	**(22,144)**
Depreciation	**(19,654)**
Balance as at 30 June 2022	**$ 199,492**

12) Lease liability

The Company does not hold any short-term or low value leases.
The Company has lease liabilities for leases related to its Vancouver head office and Shanghai sales offices (Note 17).
The incremental borrowing rate for the period ended 30 June 2022 was 7%. (31 March 2022 – 7%)

	Balance
Balance as at 31 March 2021	$ 312,125
Additions	19,987
Lease accretion	18,241
Payments	(92,486)
Balance as at 31 March 2022	**$ 257,867**
Fair value adjustment	**(25,374)**
Lease accretion	**3,952**
Payments	**(23,396)**
Balance as at 30 June 2022	**$ 213,049**

Lease liability – current portion	**72,278**
Lease liability – non-current portion	**140,771**
Total lease liability	**$ 213,049**

13) Share capital and reserves

a) Authorized

The authorized share capital is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares are fully paid. There were 144,974,725 (31 March 2022-144,974,725) fully paid common shares issued and outstanding as at 30 June 2022.

b) Issued and outstanding and fully paid

Subsequent to the three months ended 30 June 2022, the Company closed a significant transaction concurrent with a non-brokered private placement (refer to *Subsequent Events* Note 19).

<u>During the year ended 31 March 2022</u>

During the year ended 31 March 2022, the Company closed a non-brokered private placement consisting of 14,200,000 units at a price of $0.25 per unit ("2022 Unit"). Each 2022 Unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant ("Warrant") entitled the holder to purchase one share for a period of 12 months from closing at a price of $0.40 per Warrant. The fair value of the 7,100,000 Warrants is $381,553. The Company paid a total of $288,117 in agent, consulting, legal and filing fees related to the Unit issuances. In consideration of the Agent's services, the Company paid commission fees of $153,775 and issued 615,100 with a fair value of $53,299 agent warrants on closing. Each agent warrant entitles the Agent to purchase one Warrant for a period of one year from the closing date at a price of $0.25 per unit. During the three months ended 30 June 2022, the share purchase warrants and the agent warrants expired.

The Company has adopted a stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferrable options to purchase common shares exercisable under the Plan for a period of up to 10 years from the date of grant. Vesting terms are determined by the Board of Directors for each grant of options. The aggregate number of common shares issuable under the Plan must not exceed 17,635,385 common shares.

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, historical volatility of the underlying share price, forfeiture rates and expected life of the options.

During the three months ended 30 June 2022, the Company granted Nil options (31 March 2022 – 3,900,000 options) to directors, officers, employees, and consultants of the Company. During the three months ended 30 June 2022, the Company recognized $75,615 (2021 - $115,125) in share-based payment expense.

Stock option transactions and the number of stock options outstanding are summarized below:

Expressed in Canadian Dollars

	For the Three Months Ended 30 June 2022		Weighted average exercise price	For the Year Ended 31 March 2022		Weighted average exercise price
Balance – beginning of period	**11,035,000**	**$**	**0.18**	9,260,000	$	0.25
Granted	**-**		**-**	3,900,000		0.10
Exercised	**-**		**-**	(1,050,000)		0.11
Expired/Forfeited	**(50,000)**		**0.10**	(1,075,000)		0.23
Balance – end of period	**10,985,000**	**$**	**0.18**	11,035,000	$	0.18

Details of stock options outstanding are as follows:

Expiry Date		Exercise price	30 June 2022 Outstanding	30 June 2022 Exercisable	31 March 2022 Outstanding	31 March 2022 Exercisable
19 December 2022	$	0.265	**75,000**	**75,000**	75,000	75,000
23 April 2023	$	0.20	**430,000**	**430,000**	430,000	430,000
8 August 2023	$	0.13	**250,000**	**250,000**	250,000	250,000
30 October 2023	$	0.06	**2,100,000**	**2,100,000**	2,100,000	2,100,000
2 January 2025	$	0.075	**200,000**	**200,000**	200,000	200,000
7 April 2025	$	0.10	**1,130,000**	**949,800**	1,180,000	790,500
24 February 2026	$	0.54	**2,900,000**	**1,699,997**	2,900,000	1,699,997
25 March 2027	$	0.10	**3,900,000**	**1,495,832**	3,900,000	1,208,332
			10,985,000	**7,200,629**	11,035,000	6,753,829

The outstanding options have a weighted average exercise price of $0.21 (31 March 2022 – $0.21) and the weighted average remaining life of the options is 3.28 years (31 March 2022 – 3.54 years).

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	For the Three Months Ended 30 June 2022		Weighted average exercise price	For the Year Ended 31 March 2022		Weighted average exercise price
Balance – beginning of period	**7,715,100**	**$**	**0.39**	-	$	-
Issued	**-**		**-**	7,100,000		0.40
Agent's warrants issued	**-**		**-**	615,100		0.25
Warrants expired	**(7,715,100)**		**0.39**	-		-
Balance – end of period	**-**	**$**	**-**	7,715,100	$	0.39

14) Related party transactions and balances

Key management personnel include the members of the Board of Directors and executive officers of the Company.

Related party transactions are recorded as part of the general and administrative expenses on the Condensed Interim Consolidated Statement of Comprehensive Loss. These transactions are in the normal course of business operations.

Principal Position Rounded (000's)	Year[i]		Remuneration or fees[ii]		Share-based Payments		Balances in Prepaids		Balances in Accounts Payable
CEO	**2023**	**$**	**55,000**	**$**	**14,000**	**$**	**-**	**$**	**-**
	2022	$	54,000	$	27,000	$	-	$	-
CFO	**2023**	**$**	**57,000**	**$**	**2,000**	**$**	**-**	**$**	**-**
	2022	$	-	$	-	$	-	$	-
Former CFO	**2023**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
	2022	$	6,000	$	8,000	$	-	$	-
Director	**2023**	**$**	**5,000**	**$**	**6,000**	**$**	**-**	**$**	**-**
	2022	$	5,000	$	11,000	$	5,000	$	-
A Company in which the Director is a legal counsel [iii] [iv]	**2023**	**$**	**20,000**	**$**	**-**	**$**	**-**	**$**	**-**
	2022	$	48,000	$	-	$	-	$	48,000
Director	**2023**	**$**	**8,000**	**$**	**4,000**	**$**	**-**	**$**	**-**
	2022	$	8,000	$	11,000	$	5,000	$	3,000
Director	**2023**	**$**	**33,000**	**$**	**11,000**	**$**	**-**	**$**	**500**
	2022	$	33,000	$	-	$	5,000	$	-
A Company in which the Director is an owner [iv][v]	**2023**	**$**	**33,000**	**$**	**-**	**$**	**-**	**$**	**8,000**
	2022	$	8,000	$	-	$	-	$	8,000
Director	**2023**	**$**	**5,000**	**$**	**-**	**$**	**-**	**$**	**-**
	2022	$	-	$	-	$	-	$	-
TOTAL	**2023**	**$**	**216,000**	**$**	**37,000**				
	2022	$	162,000	$	57,000				

(i) For the three months ended 30 June 2022 and the 30 June 2021.
(ii) Amounts disclosed were paid or accrued to the related party.
(iii) The Company received legal services provided by a Company in which the Director is a partner.
(iv) The Company received strategic consulting services provided by a Company in which the Director is an owner.
(v) These transactions are in the normal course of operations.

Expressed in Canadian Dollars

15) Supplemental information for Statements of Net Loss and Comprehensive Loss

The sales and marketing expense consisted of the following:		**For the Three Months Ended 30 June 2022**		For the Three Months Ended 30 June 2021
Salaries and wages	$	**43,435**	$	55,601
Promotion, marketing and travel		**12,032**		32,180
Indirect Costs		**55,375**		46,615
Total	$	**110,842**	$	134,397

The research and development expense consisted of the following:		**For the Three Months Ended 30 June 2022**		For the Three Months Ended 30 June 2021
Salaries and wages	$	**189,954**	$	214,856
Professional and consulting		**54,603**		18,195
Product research		**146,122**		132,502
Total	$	**390,678**	$	365,552

The general and administrative expense consisted of the following:		**For the Three Months Ended 30 June 2022**		For the Three Months Ended 30 June 2021
Salaries and wages	$	**176,243**	$	71,743
Professional and consulting		**76,928**		239,442
Office expense		**85,872**		132,914
Directors fees		**20,000**		15,000
Total	$	**359,043**	$	459,099

16) Capital management

The Company manages its capital structure and makes adjustment to it, based on the funds available to the Company, to support the development of the Company's measurement technology. The Company includes components of equity in its managed capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance investments of the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the three months ended 30 June 2022.

17) Commitments

On 22 February 2022, the Company signed a one-year lease for its office in Shanghai, commencing on 1 May 2022. The Company expects to extend this lease, which is set to expire on 30 April 2023, for another one-year term:

Rounded (000's)	RMB	$CAD
Fiscal 2023	95,000	19,000
Fiscal 2024	10,000	2,000
Total	105,000	21,000

During the year end 31 March 2021, the Company signed a five-year lease for its head office in North Vancouver, commencing on 1 September 2020:

Rounded (000's)		Amount
Fiscal 2023		56,000
Fiscal 2024		77,000
Fiscal 2025		81,000
Fiscal 2026		35,000
Total	$	249,000

18) Segmented disclosure

The Company operates in one reportable operating segment, being the development, manufacturing and marketing of Production Measurement and Control systems ("PMC™") for the solar wafer, cell, and panel manufacturing industry. All assets are held in Canada.

The Company is exposed to significant sales concentration in China.

19) Subsequent Events

During the fiscal year ended 31 March 2022, the Company announced its plans to acquire BT Imaging PTY Ltd. ("BTi"). BTi is a private Australian company who is a well-established leader in photoluminescence imaging tools for PV material inspection and quality control during production, and for laboratory use during product development.

The Company has offered to acquire 100% of the shares of BTi through a Share Purchase Agreement between the shareholders of BTi and the Company.

Subsequent to the three months ended 30 June 2022, the Company announced that the acquisition of BTi Imaging PTY Ltd. (the "Acquisition") was completed effective 25 August 2022 in Vancouver, BC and 26 August 2022 in Sydney, Australia.

The total consideration to be issued by the Company to BTi shareholders for this Acquisition is 62,969,351 common shares and $1,205,310 in cash. These new common shares are subject to escrow conditions and will be released in three tranches on 26 December 2022, 25 June 2023 and 25 December 2023 in the amount of 20,032,003, 21,468,674, and 21,468,674 common shares, respectively.

Stifel GMP acted as Aurora's financial advisor on this transaction and will receive 2,500,000 common shares issued at a deemed price $0.10 per share. Baker McKenzie LLP acted as Aurora's legal advisor on this transaction.

Subsequent to three months ended 30 June 2022, the Company also announced that a concurrent non-brokered private placement to support the Acquisition was also completed with net proceeds of $1,146,625. The Company has issued 11,650,000 units (the "Units") at the price of $0.10 per Unit for gross proceeds of $1,165,000. Each Unit will consist of one common share of the Company and one share purchase warrant to acquire a share of the Company at an exercise price of $0.20 for a period of one year. A finder's fee of $18,375 was paid and 183,750 finder's warrants were issued which are exercisable into common shares at $0.20 per share purchase warrant for a period of one year. All securities issued pursuant to the private placement are subject to a hold period that expires on 26 December 2022.

The Company also announced stock option grants to directors, officers and consultants totaling 3,700,000 options exercisable at $0.11 per option for a five-year term.

As previously announced, the Company received a Notice of Arbitration from the Shanghai International Centre ("SHIAC") relating to a DM equipment purchase contract dispute. Subsequent to the three months ended 30 June 2022, the Company received the notice for the arbitration hearing date which has been scheduled for 9 September 2022.